

**THOMAS, THOMAS & HAFER** LLP  
ATTORNEYS AT LAW



www.tthlaw.com

Mailing Address: P.O. Box 999, Harrisburg, PA 17108  
Street Address: 305 North Front Street, Harrisburg, PA 17101  
Phone: (717) 237-7100 Fax: (717) 237-7105

*David L. Schwalm*  
(717) 255-7643  
dschwalm@tthlaw.com

December 19, 2006

**ELECTRONICALLY FILED**

Honorable William W. Caldwell  
United States District Court for the  
Middle District of Pennsylvania  
P.O. Box 11877  
Harrisburg, PA 17108

**Re: State Auto Property & Casualty v. Czapp, et al.**  
**1:CV-00-1328**  
**Our File No.: 471-60520**

Dear Judge Caldwell:

In response to the letter of December 11, 2006, sent by your Deputy Clerk, Ms. Severino-Brown, I am providing you with the following status report with respect to the above matter. Based upon my discussion with counsel in the underlying liability action, that case is scheduled for trial during the week of February in Cumberland County. Upon the conclusion of that trial, we should be able to determine the applicability of the pollution exclusion to those claims. Plaintiff State Auto believes that the Court will be in a position to reopen this matter for a final determination as to the existence of coverage in the underlying case at that time. In the meantime, this declaratory judgment action should continue to be stayed.

Thank you for your attention to this matter. If you need any additional information, please feel free to advise us and we will supplement this report.

Yours very truly,

THOMAS, THOMAS & HAFER, LLP

By: **/s/ David L. Schwalm**  
David L. Schwalm

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cc: Paul J. Bruder, Jr., Esquire (*via electronic notice*)  
Lawrence S. Markowitz, Esquire (*via electronic notice*)  
Kenneth L. Joel, Esquire (*via electronic notice*)  
Barry A. Solodky, Esquire (*via regular mail*)  
M. Douglas Eisler, Esquire (*via regular mail*)  
Walter Swayze, III (*via electronic notice*)

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